

Inquiry on I.T.T. Sought; Antitrust Cases at Issue

By EILEEN SHANAHAN

Special to The New York Times

WASHINGTON, Sept. 25 — The Department of Justice asked a Federal court today to order an inquiry into the possibility that the International Telephone and Telegraph Corporation was attempting to thwart the terms of the already controversial settlement of three antitrust cases against it.

Specifically, the Department of Justice raised the question of whether I.T.T. had tampered with the assets of one of the relatively smaller businesses that it was ordered to sell under the 1971 settlement—the Fire Protection Division of the Grinnell Corporation.

The settlement, which has become a major issue because of allegations of improper political influence, permitted I.T.T. to retain control of the largest of a string of companies it had recently acquired — the Hartford Fire Insurance Company, which had assets of \$2.5-billion at the time—provided it divested itself of five smaller

concerns, including part of Grinnell.

The settlement has produced allegations that Administration officials, up to and including President Nixon, directly or indirectly pressured the Justice Department's Antitrust Division to settle the case on terms that would allow I.T.T. to retain control of Hartford.

Numerous internal I.T.T. memos and a memo by Charles W. Colson, former White House aide, charged former Attorney General John N. Mitchell, former Commerce Secretary Peter G. Peterson, White House Assistant Peter M. Flanigan and others with direct interference.

The divestiture of the Grinnell unit was to have taken place by yesterday but I.T.T. says it cannot find a satisfactory buyer.

I.T.T. and the Department of Justice, both asked the Federal Court in Hartford today to appoint James H. Goss, chairman of the Pentasote Company, as

Continued on Page 55, Column 3

U.S. ASKS INQUIRY INTO I.T.T. ACTION

Continued From Page 1, Col. 5

trustee to take over management of that part of the old Grinnell Corporation that is subject to divestiture under the 1971 settlement. The trustee would also be charge with finding a buyer.

What is at issue between the Justice Department and I.T.T. is whether the company has illegally made some changes in the part of Grinnell that was to be sold. That part included the manufacturing of automatic sprinkler devices and the installation of fire-protection devices. I.T.T. was to be permitted to retain control of the manufacturing of fire-protection devices other than automatic sprinklers.

After the settlement was reached, I.T.T. split Grinnell in two and named the part destined for divestiture the Grinnell Fire Protection Systems Company, Inc.

What the Justice Department wants to know is whether the assets of this new entity are exactly the same as those of the old Fire Protection division of Grinnell.

The old Fire Protection division was extremely profitable, one department official said, whereas the new Grinnell Fire Protection Systems Company, for reasons that are unclear to the Justice Department, is losing money.

The trustee, whom both the Justice Department and I.T.T. asked the court to appoint would be asked to report within 90 days on whether the assets that were turned over to him were the exact assets covered by the 1971 settlement.

He would also be asked to report on whether I.T.T. had violated that portion of the settlement that forbade the company to take any "action which knowingly impairs that viability of the Fire Protection division of Grinnell or I.T.T.'s ability to accomplish its divestiture."

Offers Unacceptable

A spokesman for I.T.T. said here yesterday that his company had received several offers to purchase Grinnell, but that none had been acceptable.

I.T.T. still has a year left to dispose of Avis and Levitt under the 1971 consent decree. It sold the Canteen Corporation of America to Trans World Airlines on Aug. 10. The Penn Life Insurance Company has purchased both ITT Ham-

ilton Life Insurance and ITT Life Insurance of New York.

The spokesman added that 48 per cent of the stock of Avis was now in the hands of the public.

Grinnell sold 41,200 shares of the Hajoca Corporation to Gable Industries, Inc., in January, 1972.

Remington Action Weighed

WASHINGTON, Sept. 25 (Reuters) — The Remington Arms Company, Inc., was threatened today with an antitrust action if it proceeded in its plan to acquire a Swedish ammunition company.

The Department of Justice said it had advised Remington that it would bring a suit under the Clayton Antitrust Act if the acquisition of A. B. Norma Projekt-Fabrik took place.

The Swedish company, in Amotfors, makes sporting ammunition, some of which it sells in the United States.

Remington, based in Bridgeport, Conn., makes and sells sports weapons, ammunition and related products.

The Department of Justice said that E. I. du Pont de Nemours and Company, which controls 64 per cent of Remington's common stock, also would be named as a defendant if the proposed merger took place.

A Remington spokesman in Bridgeport said the company had asked to have further discussions with the Justice Department to determine just what the Government's objections were.

He withheld further comment until after the Government's complaint could be reviewed by the company.